

**OFFICE OF THE TREASURER**

P.O. Box 942809  
 Sacramento, CA 94209-0001  
 (800) 900-3873  
[www.treasurer.ca.gov](http://www.treasurer.ca.gov)



# The Treasury Note

A monthly newsletter of municipal finance

August 1, 2000

## 2000-2001 Budget Highlights

For the second straight year, California has a budget on time. The Governor signed it into law on the last day of the fiscal year, June 30, 2000. The \$99.4 billion budget includes new investments in public education, transportation, health care, and tax relief. The budget provides a reserve for economic uncertainties of nearly \$1.78 billion.

### 2000-01 General Fund Budget Summary (Dollars in Millions)

	<u>1999-00</u>	<u>2000-01</u>
Prior Year Balance	\$3,851	\$7,827
Revenues & Transfers	<u>\$71,162</u>	<u>\$73,856</u>
Total Resources Available	\$75,013	\$81,683
Expenditures	<u>\$67,186</u>	<u>\$78,816</u>
Fund Balance	\$7,827	\$2,867
Special Fund for Economic Uncertainties	\$7,235	\$1,775

Source: Department of Finance

For more information on the state budget, a link to the 2000-2001 budget highlights provided by the Department of Finance, is available on our website at <http://www.treasurer.ca.gov/stofin.htm>.

## Appointments for Upcoming Bond Sales

The following is a list of firms appointed to the financing teams that will assist the State in upcoming bond sales. If you are interested in purchasing any of these bonds, please contact the senior, co-senior or co-managers listed below.

### Department of Veterans' Affairs, General Obligation Bonds

Senior Manager: Bear Stearns & Co., Inc.  
 Co-Senior Managers: Lehman Brothers  
 Merrill Lynch & Co.

### Co-Managers:

E. J. DeLaRosa & Co., Inc.  
 Great Pacific Fixed Income Securities, Inc.  
 J P Morgan Securities Inc.  
 Morgan Stanley Dean Witter  
 Pacific American Securities L.L.C.  
 Salomon Smith Barney  
 Sutro & Company

### Bond Counsel:

Hawkins, Delafield & Wood

### Disclosure Counsel:

Quateman & Zidell

### Financial Advisor:

Public Resources Advisory Group

### State Public Works Board

#### Senior Manager:

Dain Rauscher, Inc.

#### Co-Managers:

Banc of America Securities LLC  
 eBond Trade  
 E. J. DeLaRosa & Co.  
 Estrada Hinojosa & Company, Inc.  
 Fleet Securities, Inc.  
 Lehman Brothers  
 Redwood Securities Group  
 Samuel A. Ramirez & Co.  
 Sutter Securities Inc.

#### Lead Bond Counsel:

Arter & Hadden

#### Co-Bond Counsel:

Law Offices of Pamela S. Jue

#### Disclosure Counsel:

Mallory & Associates

#### Pricing Advisor:

Leifer Capital

### State of California General Obligation Bonds

#### Serving on all three General Obligation Sales

Lead Bond Counsel: Orrick, Herrington & Sutcliffe

Financial Advisor: Public Resources Advisory Group

#### Serving on the sale scheduled for summer

Co-Bond Counsel: Law Office of Pamela S. Jue

Disclosure Counsel: Curls, Brown & Duran

#### Serving on the sale scheduled for fall

Co-Bond Counsel: Corporate Counsel Law Group

Disclosure Counsel: Law Offices of Marilyn Garcia

#### Serving on the sale scheduled for winter

Co-Bond Counsel: Holland & Knight

Disclosure Counsel: Leslie M. Lava

## Listing of Redemptions

The listing below reflects redemptions officially announced as of August 1, 2000.

**State Public Works Board of the State of California, Lease Revenue Bonds (Trustees of The California State University) 1990 Series A (California State University Library Projects), Dated Date: December 1, 1990 (Partial Redemption).**

\$32,180,000 of the bonds due September 1, 2016 will be redeemed on September 1, 2000.

**State Public Works Board of the State of California, Lease Revenue Bonds (Department of Corrections) 1990 Series A (State Prison – Madera County), Dated Date: October 1, 1990 (Partial Redemption).**

\$7,800,000 of the bonds due September 1, 2001, \$8,340,000 of the bonds due September 1, 2002, \$8,925,000 of the bonds due September 1, 2003, \$9,575,000 of the bonds due September 1, 2004, and \$58,910,000 of the bonds due September 1, 2009 will be redeemed on September 1, 2000.

**State Public Works Boards of the State of California, Lease Revenue Bonds (The Regents of The University of California) 1990 Series A (Various University of California Projects), Dated Date October 1, 1990 (Partial Redemption).**

\$32,340,000 of the bonds due September 1, 2010 and \$102,890,000 of the bonds due September 1, 2015 will be redeemed on September 1, 2000.

## UCLA Anderson Forecast

In June, economists with the UCLA Anderson Forecast predicted two more hikes to the federal funds rate (FFR) for a total of 50 basis points, or one half percent. Even with an increase in the FFR, a sharp economic slowdown or recession is considered unlikely. Forecasters do not anticipate inflation to be a problem either.

Forecasters believe that the effect of the interest rate hikes will be relatively muted in California. The year 2000 appears to be the best year for economic growth since 1990, based on the addition of more than 600,000 new jobs from June 1999 to June 2000, an increase in California exports due to a strong expansion in the world economy, and an increase in disposable income.

State employment growth is predicted to continue to double the pace of the nation. California unemployment, currently at 5 percent is expected to average 4.8 percent for the entire year 2000.

California personal income increased by 7.4 percent in 1999. An increase of 6.7 percent is expected for 2000. State taxable sales, which increased by 9.3 percent in 1999, are expected to grow by 7.8 percent in 2000 - the second best year in the past decade.

## Information & Assistance

To receive *The Treasury Note* newsletter monthly, enroll for direct deposit of your payments, or for bond-related questions, please call: **(800) 900-3873**.

## Bond Sales Calendar\*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information, check our website ([www.treasurer.ca.gov](http://www.treasurer.ca.gov)) or call **(800) 900-3873**.

BOND SALES	AMOUNT	SALE DATE
Various Purpose General Obligation Bonds	\$350-500 million	Summer 2000
Various Purpose General Obligation Bonds	\$350-500 million	Fall 2000
State Public Works Board	\$50 million	Fall 2000
San Diego State University Parking System Revenue Bonds	\$14 million	October 2000
Various Purpose General Obligation Bonds	\$350-500 million	Winter 2000
Department of Veterans Affairs, General Obligation Bonds	\$66 million	Winter 2000

\*Subject to change without notice.